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The IVCA-EY monthly PE/VC roundup – August 2020



The better the question. The better the answer.
The better the world works.



Our thoughts

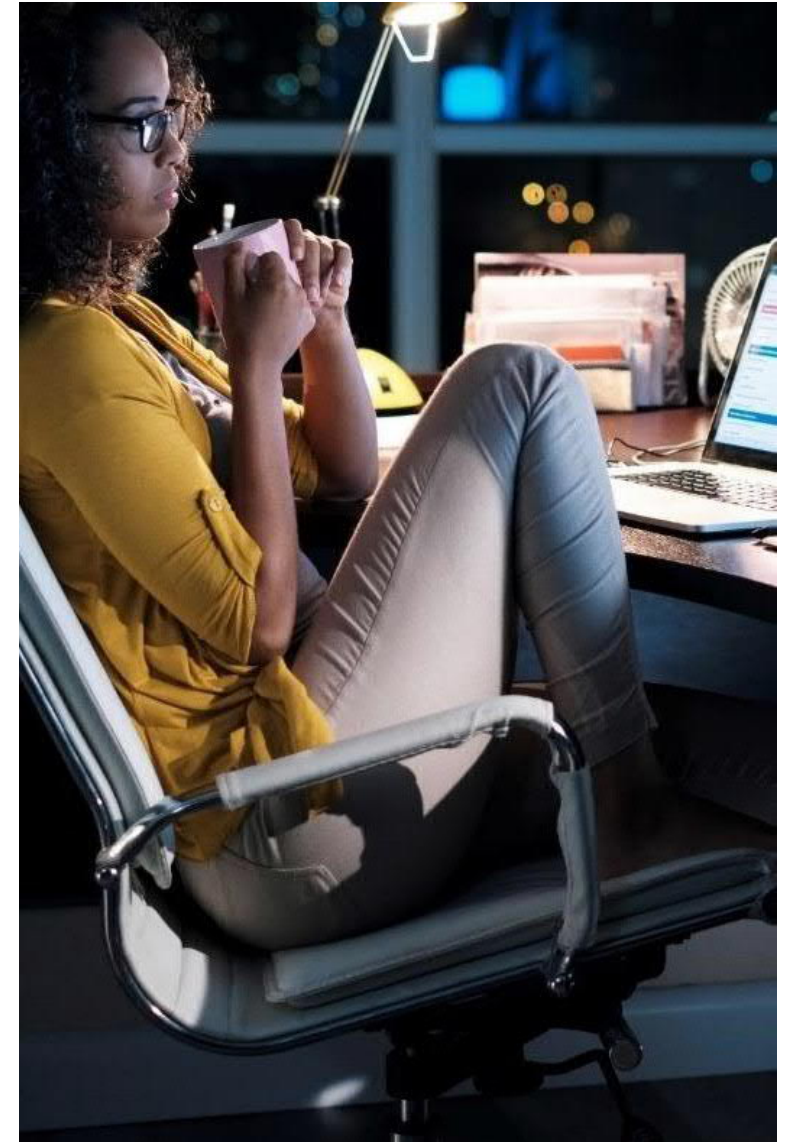


PE/VC investments in August 2020 have been muted compared to May, June and July 2020 that had seen a flurry of PE investments primarily driven by the Jio Platform deals. Although PE/VC investments of US\$1.9 billion in August 2020 are over 50% lower than that in August 2019 as well as July 2020, August 2020 has been better than the sub US\$1 billion monthly run rate seen in the initial months of the pandemic. There is a perceptible improvement in investor confidence as the Indian as well as global markets begin to open up.

August saw the financial services sector once again emerge as the top sector for PE/VC investments after a gap of three months with investments worth US\$1.1 billion. Another noteworthy sector that is fast gaining investor interest is education, especially edtech, that has recorded investments worth US\$1.1 billion in 2020, its highest-ever annual tally.

Exit activity continued to remain subdued in August 2020, with US\$67 million in exits, primarily comprising of open market exits. However, we could see exit activity pickup in the coming months if the markets remain buoyant with many PE-backed IPOs lined up for listing.

Most economies across the globe, including India, have recorded one of the worst GDP contractions in history in the Apr-June quarter. With markets now slowly opening up, collective consensus is that the worst is behind us and an uptick in economic activity is anticipated. Nonetheless, India remains vulnerable to a host of domestic and global risks and we remain cautiously optimistic about the pace of economic recovery henceforth onwards."



In today's frenetic world, how does private equity set the pace?

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Transformative Age

Monthly trend analysis – August 2020



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Key trends

Investments

- ▶ PE/VC investments in August 2020 were 54% lower compared to August 2019 and 53% lower compared to July 2020 (US\$1.9 billion in August 2020 vs. US\$4.3 billion in August 2019 and US\$4.1 billion in July 2020). The decline was due to fewer large deals across deal segments.
- ▶ Except for Private Investment in Public Equity (PIPE) investments that recorded a 5.4 times y-o-y increase (US\$826 million vs. US\$153 million in August 2019), all other deal types declined significantly. PIPE deals in August 2020 were the highest in 17 months. Buyout deals recorded US\$570 million across two deals (49% decline y-o-y). Growth investments recorded US\$330 million across 10 deals (79% decline y-o-y). Start-ups recorded US\$183 million in investments across 51 deals (87% decline y-o-y), the lowest value in 18 months.
- ▶ August 2020 recorded six large deals (value greater than US\$100 million) worth US\$1.3 billion compared to 15 large deals worth US\$3.5 billion in August 2019 and 10 large deals worth US\$3.1 billion in July 2020. The largest deals in August 2020 saw PAG acquire 51% stake in Edelweiss Global Investment Advisors, Edelweiss' Wealth Management business for US\$300 million.
- ▶ From a sector point of view, financial services has emerged as the top sector after a gap of three months, recording US\$1.1 billion in investments across 17 deals, accounting for 55% of all investments in August 2020. Infrastructure was next in line with US\$270 million invested across one deal followed by education with US\$193 million invested across eight deals and e-commerce with US\$135 million invested across nine deals. Education sector has emerged as a standout sector in 2020 aggregating US\$1.1 billion in investments across 45 deals till date, which is the highest-ever annual figure both in terms of value and volume.

Key trends

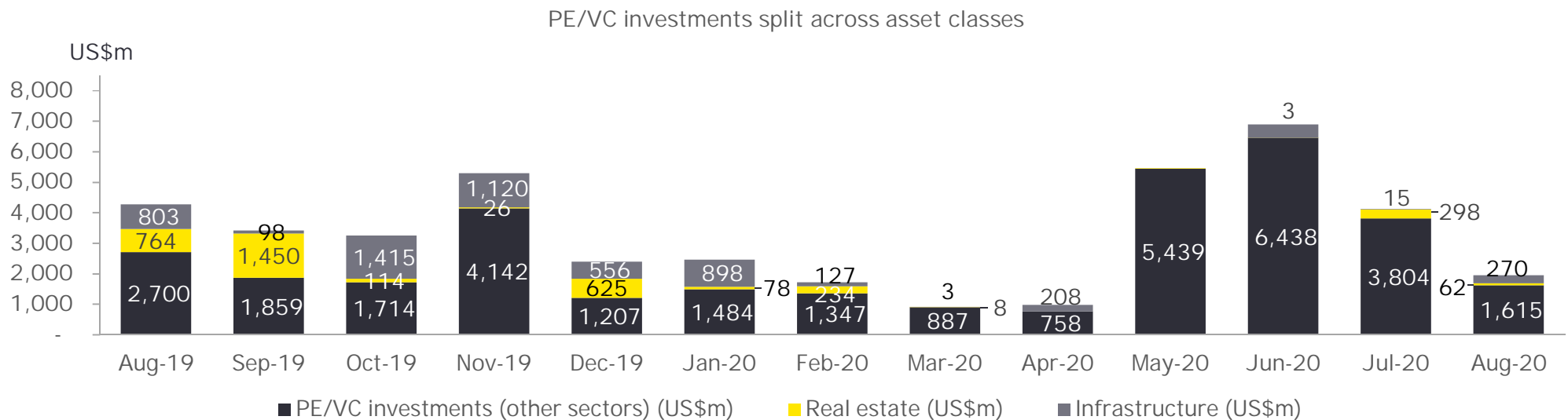
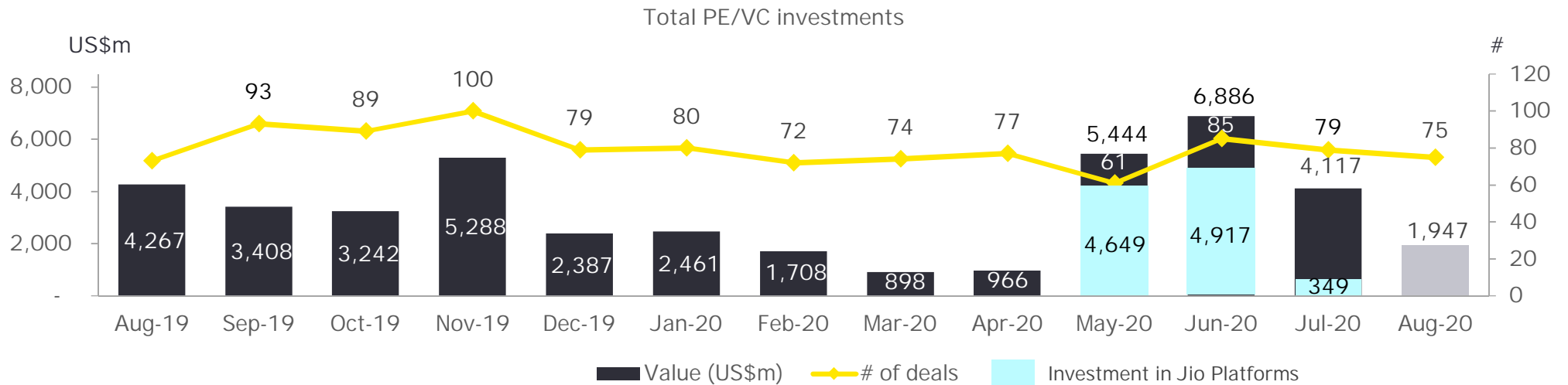
Exits

- ▶ August 2020 recorded 15 exits worth US\$67 million, the lowest monthly value of exits in over three and a half years. Exits in August 2020 were 90% lower than the value of exits in August 2019 (US\$680 million) and 50% lower than the value recorded in July 2020 (US\$134 million). Open market exits in August 2020 were highest at US\$67 million across nine deals.
- ▶ The largest exit in August 2020 saw Mayfield sell its 10% stake in *Matrimony.com* for US\$17 million.

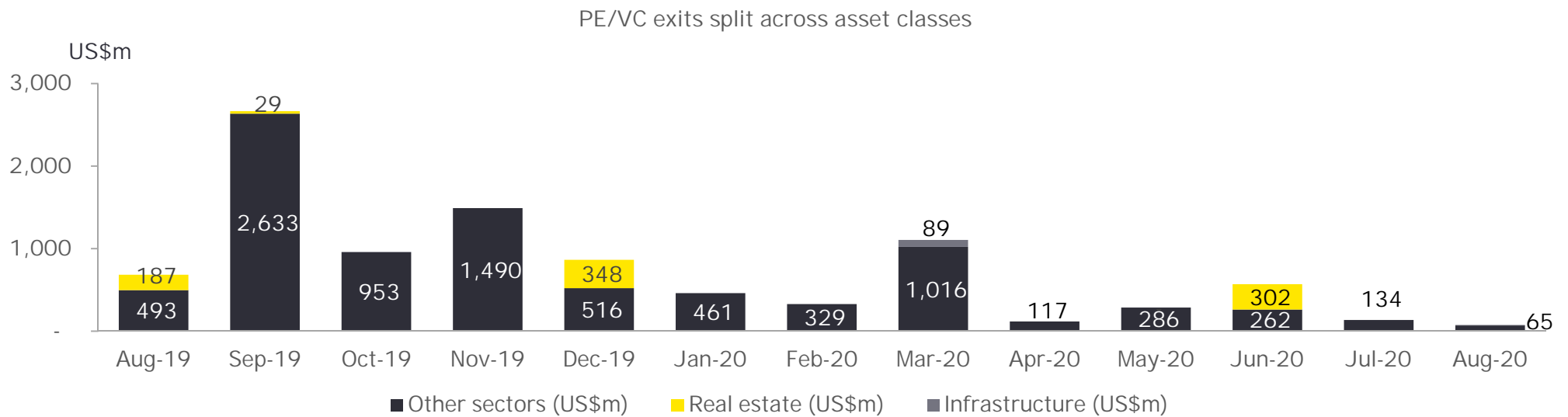
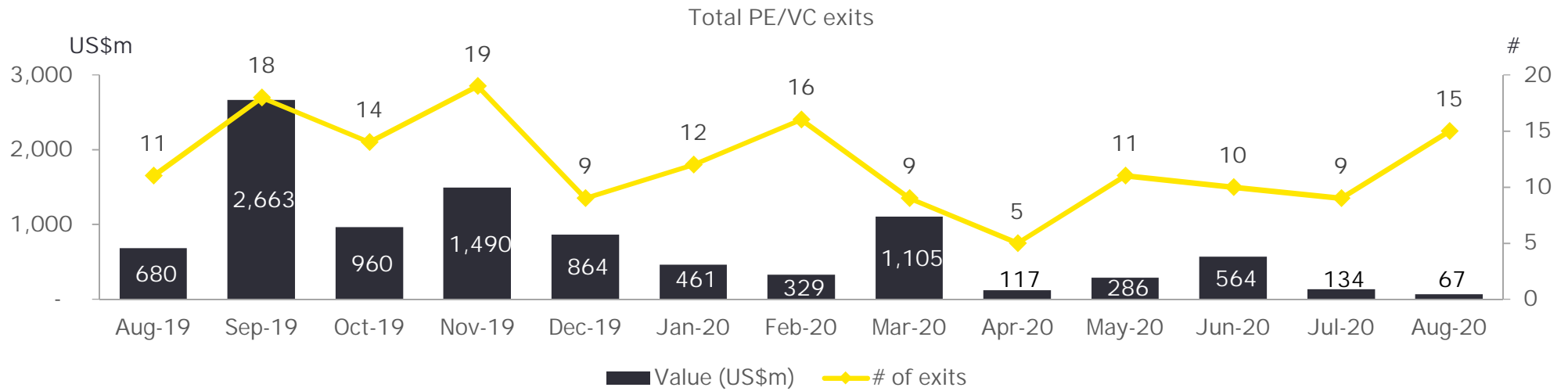
Fundraise

- ▶ August 2020 recorded total fundraises of US\$480 million compared to US\$1.1 billion raised in August 2019, a 58% y-o-y decline. The largest fundraising in August 2020 saw Lightspeed raise its third fund of US\$275 million for early stage investments.

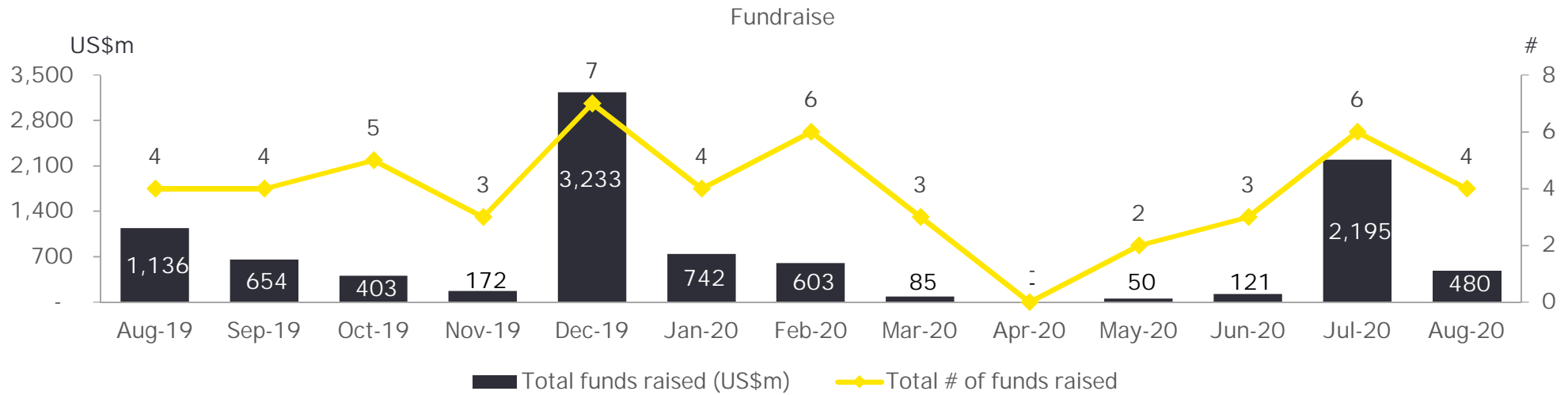
PE/VC monthly headline trends: investments



PE/VC monthly headline trends: exits

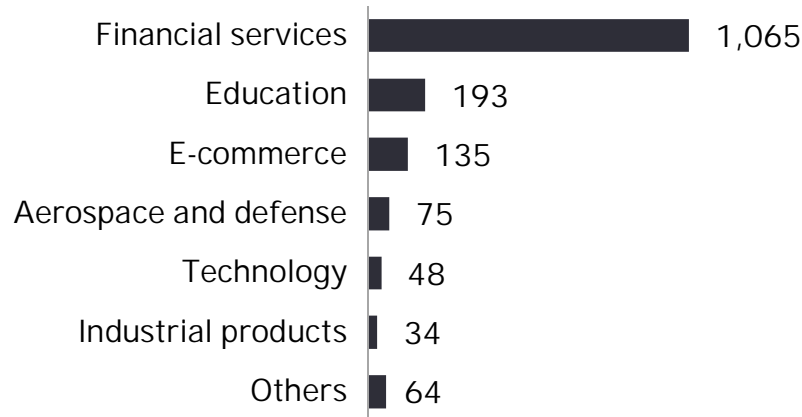


PE/VC monthly headline trends: fundraise

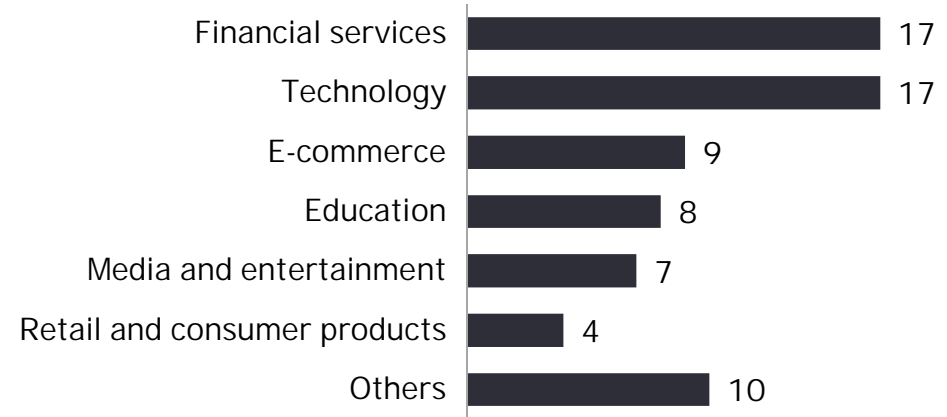


PE/VC investments: US\$1,615 million over 72 deals (excluding infrastructure and real estate investments)

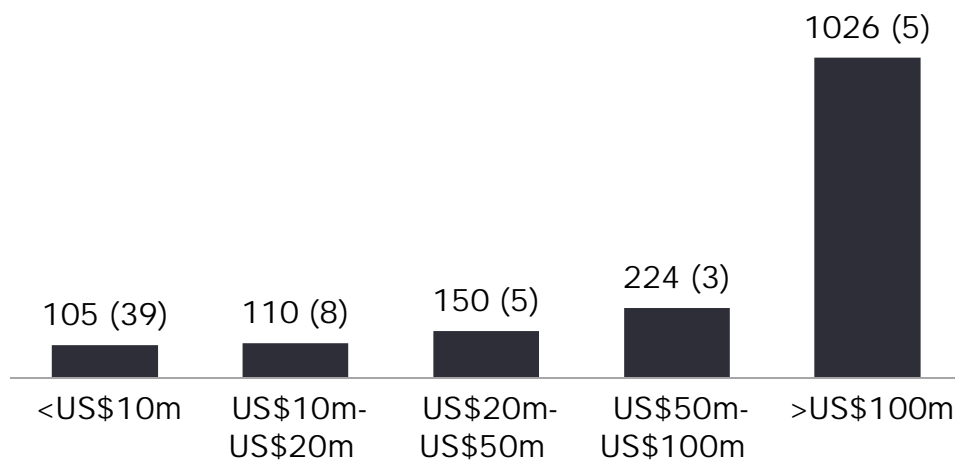
Top sectors by value US\$m



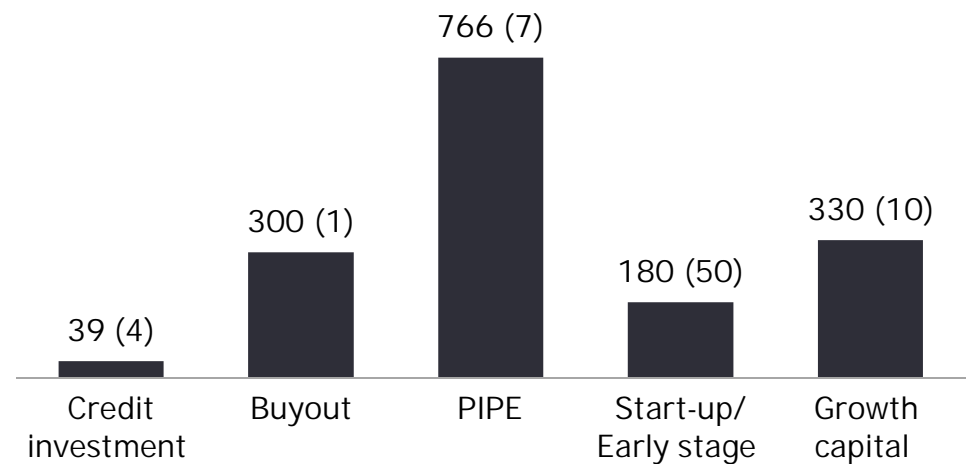
Top sectors by volume



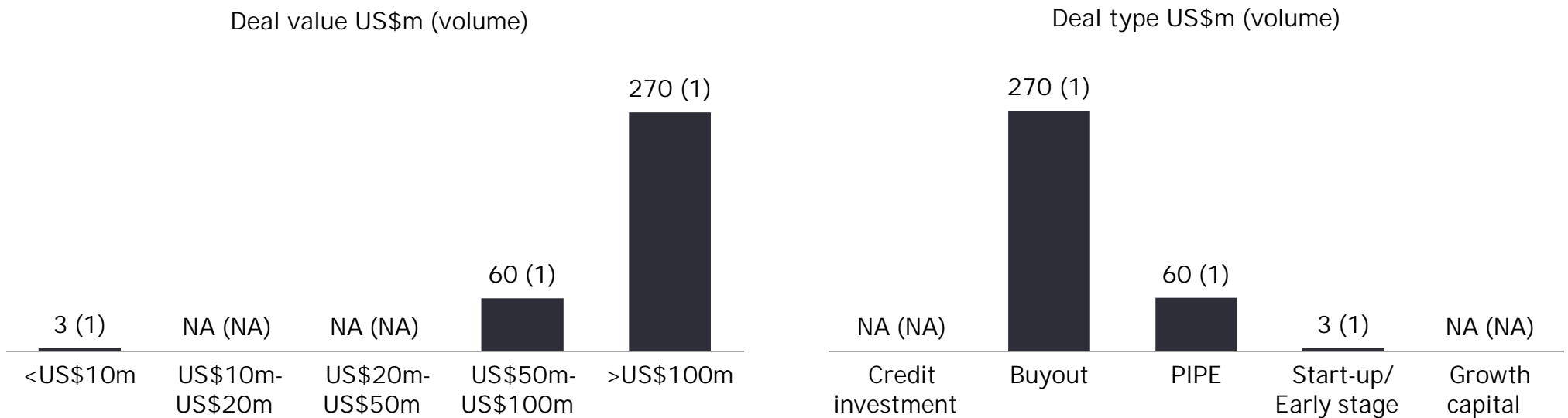
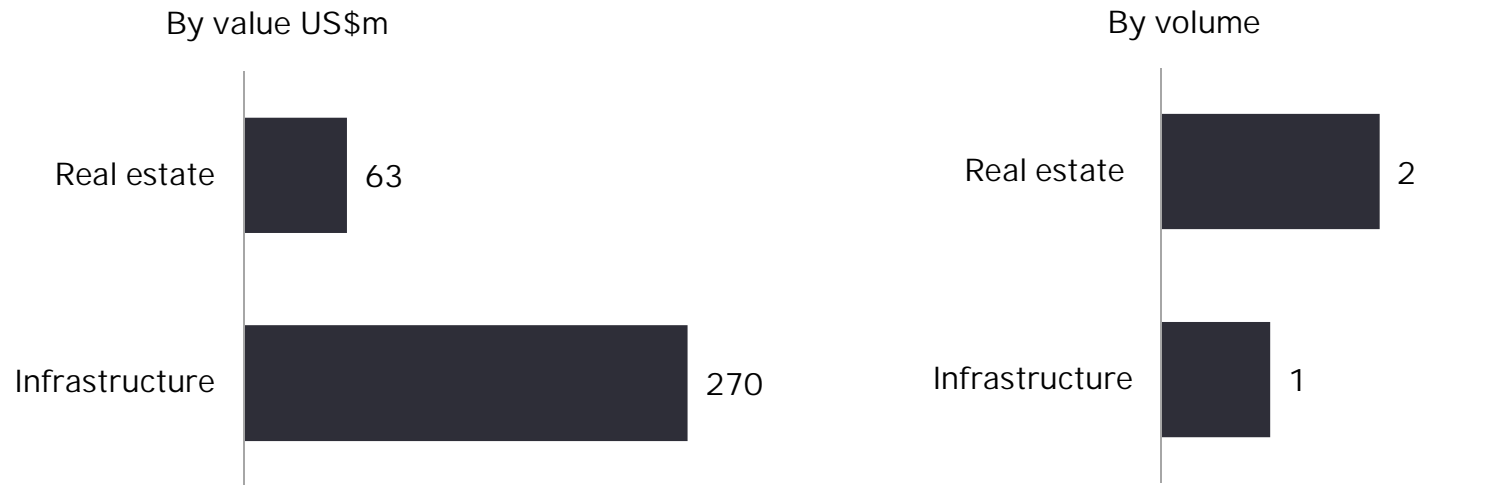
Deal value US\$m (volume)



Deal type US\$m (volume)



Infrastructure and real estate investments: US\$333 million over three deals



Top PE/VC investments

Top PE/VC investments excluding infrastructure and real estate in August 2020

Company	PE Investors	Sector	Stage	US\$m	Stake (%)
Edelweiss Global Investment Advisors, Edelweiss' Wealth Management business	PAG	Financial services	Buyout	300	51
ICICI Bank Limited	GIC	Financial services	PIPE	225	1
RBL Bank Limited	CDC Group, Gaja Capital, ICICI Prudential Life Insurance Company, Baring Private Equity Asia	Financial services	PIPE	210	15
Bandhan Bank Limited	GIC	Financial services	PIPE	170	2
Think and Learn Private Limited (Byju's)	DST Global	Education	Growth capital	122	1

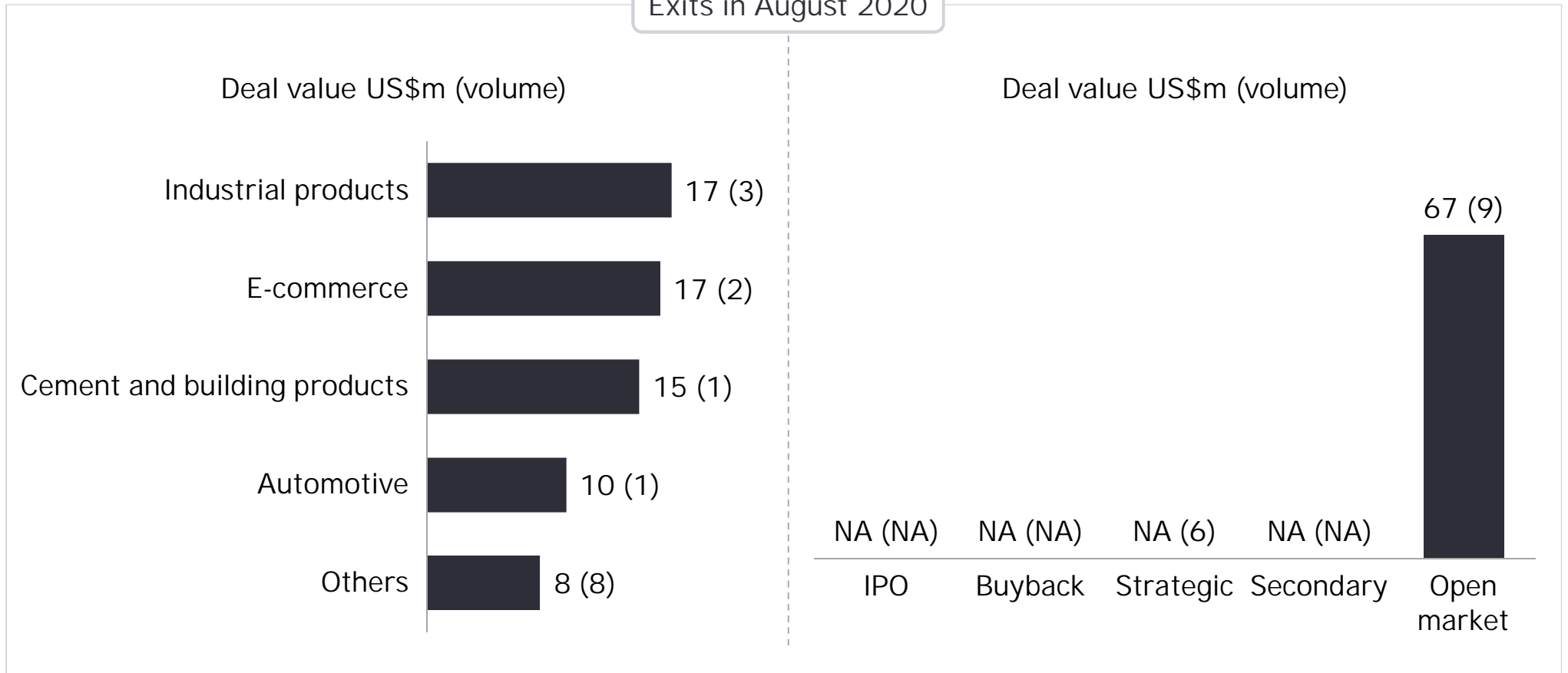
Top infrastructure and real estate investments

Top infrastructure and real estate investments in August 2020

Company	PE Investors	Sector	Stage	US\$m	Stake (%)
Two solar power projects of ACME Solar Holdings Limited	Actis Long Life Infrastructure Fund	Infrastructure	Buyout	270	100
The Phoenix Mills Limited	GIC	Real estate	PIPE	60	4

Exits: US\$67 million across 15 deals in August 2020

Exits in August 2020



Top exits

Top exits in August 2020

Company	Sector	Sellers	Buyer	Exit type	US\$m	Stake (%)
Matrimony.com Limited	E-commerce	Mayfield	NA	Open market	17	10
Greenlam Industries Limited	Cement and building products	WestBridge Capital	NA	Open market	15	9
CG Power and Industrial Solutions Limited	Industrial products	KKR	NA	Open market	12	10

Fundraise

Top fundraise/announcements in August 2020

Status	Fund	US\$m	Strategy
Raised	Lightspeed (third fund)	275	Sector agnostic - early stage
Raised	Chiratae Ventures (Fund IV)	184	Consumer media, software, fintech and health tech

An aerial photograph of a city skyline at sunset. The sun is low on the horizon, creating a bright lens flare and casting a golden glow over the scene. In the foreground, a multi-lane highway bridge spans across a body of water, with several cars visible on the road. To the right of the bridge, a baseball field is visible, surrounded by trees with yellow autumn foliage. The background features a dense urban skyline with various skyscrapers and buildings. A semi-transparent dark grey box is overlaid on the left side of the image, containing the text.

About EY Private Equity Services

About EY's Private Equity Services Practice

EY has been working with the private equity industry for more than 25 years, with approximately 25,000 seasoned professionals worldwide dedicated to the industry and its business issues. EY serves 74% of the top 300 PE firms included in the Global PEI 300 firms list. Private equity firms, portfolio companies and investment funds face complex challenges. They are under pressure to deploy capital amid geopolitical uncertainty, increased competition, higher valuations and rising stakeholder expectations. Successful deals depend on the ability to move faster, drive rapid and strategic growth and create greater value throughout the transaction life cycle. EY taps its global network to help source deal opportunities and combines deep sector insights with the proven, innovative strategies that have guided the world's fastest growing companies.

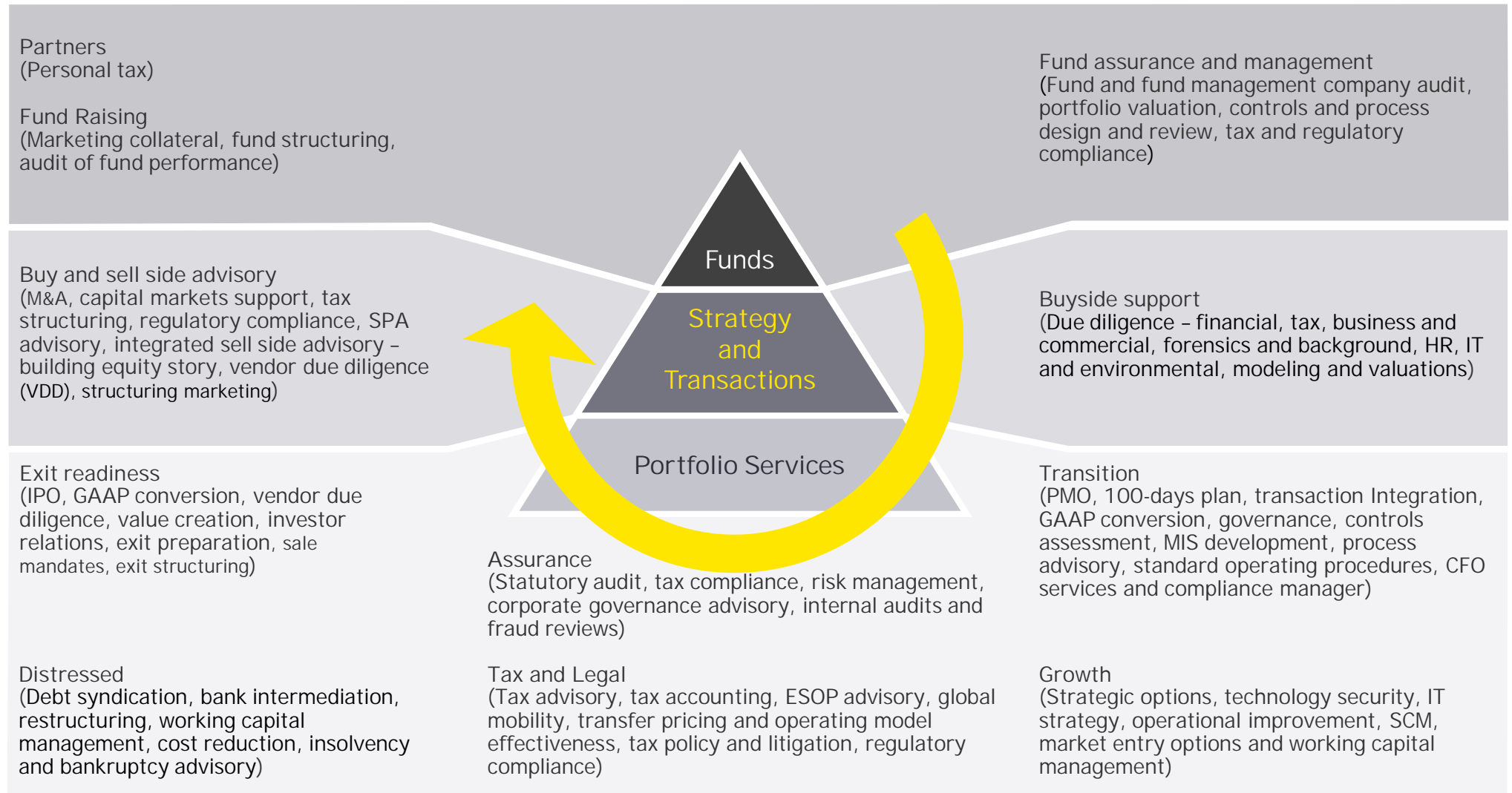
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- ▶ EY's India Private Equity Services Practice has been among the top advisors for private equity deals over the past ten years. EY has been awarded the "Most Active Transaction Advisor" award by Venture Intelligence for 2009-2013 and also the "Investment Bank of the Year, Private Equity" award by VC Circle in 2012 and 2017 and for M&A in 2018. EY was also the top PE advisor in the Venture Intelligence league table in 2018.
- ▶ EY's India Private Equity Services Practice provides value to PE funds and their portfolio companies through its deep sector and service expertise. EY India is organized around key industry verticals in a matrix structure that enables us to offer an unparalleled blend of industry expertise and functional skills. We actively track about 15 sectors with sector leads driving our penetration in each of those sectors.



EY services for Private Equity

We offer an array of services to Private Equity funds and their portfolio/investee companies through our various service lines.



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About IVCA



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The Indian Private Equity & Venture Capital Association (IVCA), is the apex body promoting the Alternative Investment Funds (AIFs) in India and promotes stable, long-term capital flow (Private Equity (PE), Venture Capital (VC) and Angel Capital) in India.

With leading VC/ PE firms, institutional investors, banks, corporate advisers, accountants, lawyers and other service providers as members, it serves as a powerful platform for all stakeholders to interact with each other. Being the face of the Industry, it helps establish high standards of governance, ethics, business conduct and professional competence.

With a prime motive to support the ecosystem, it facilitates contact with policy makers, research institutions, universities, trade associations and other relevant organizations. Thus support entrepreneurial activity, innovation and job creation.

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